

Meeting of 1997-6-05 Budget Meeting

MINUTES
LAWTON CITY COUNCIL SPECIAL MEETING
JUNE 5, 1997 - 5:30 P.M.
WAYNE GILLEY CITY HALL COUNCIL CHAMBER

John T. Marley, Mayor, Also Present:
Presiding Gil Schumpert, City Manager
Felix Cruz, City Attorney
Brenda Smith, City Clerk

The meeting was called to order at 5:30 p.m. by Mayor Marley. Notice of meeting and agenda were posted on the City Hall bulletin board as required by State law.

ROLL CALL

PRESENT: Jody Maples, Ward One
Richard Williams, Ward Two
John Purcell, Ward Four
Robert Shanklin, Ward Five
Charles Beller, Ward Six
Carol Green, Ward Seven
*Randy Warren, Ward Eight

ABSENT: Jeff Sadler, Ward Three
*Warren entered at approximately 6:40 p.m.

CONDUCT REVIEW OF PRELIMINARY FY 1997-98 CITY OF LAWTON BUDGET

Schumpert said a list of budget revisions had been distributed. Revisions reflect deletion of the proposed fifty cent utility rate increase, addition of a microfilm reader printer for the Library, and funding for renovation to the south City Hall entrance. Funding shortage is \$336,000.

Information was distributed on commercial water accounts. Increasing the rate to ninety-three cents, which is the cost of treating and distributing the water, would generate \$34,746. Financial impact of further increases was also reviewed.

Information was distributed on commercial sewer accounts. Increasing the cost to ninety-nine cents, which is the cost to collect and treat the wastewater, would generate \$184,000. Financial impact of further increases was also reviewed.

Information was distributed on cost of \$69,000 for the large format utility bill. Cost to print information on the back of the current bill was discussed as being very minimal.

Schumpert said another document had been provided regarding the sewer rehabilitation program of \$60 to \$62 million. Regardless of the amount of time Lawton is given to do this work, one of the approaches could be to use a bond schedule; interest rate is shown at 4% which is not a true figure in that if funds were obtained through the Water Resources Board through the SRF program, we would pay around 6 to 7% in today's market, but for 40% of the funds borrowed, there would be no interest payment, so the overall rate to allow for computation is shown at 4%. If a 20 year loan is established, \$6 million would be borrowed each year for 10 years. If that were applied directly to the utility bill, it would start out at about \$1.32 per month, going to the year 2009 to a maximum of \$11.27, then back down to the last bill in 2026 to seventy-six cents. He said that is one option. Shanklin said the amount of time to make repairs is unknown. Schumpert said this is without regard to that time frame because it is for borrowing \$60 million over a ten year period, borrowing \$6 million per year for ten years, but taking 20 years to pay it back. Williams said inflation plays a part in this also.

Schumpert said a document was provided on the porch/sidewalk replacement at the south end of City Hall. Including personnel costs, which would be paid anyway, it would be around \$10,000 to do this in-house. Using City employees would set back 30-36 locations currently in need of repair, and there are 391 such sites at this time. A contractor looked at going all the way back to the building and reconfiguring it totally and the cost would be around \$30,000. Schumpert recommended contracting it out. Purcell agreed it would be better to contract the work. Shanklin said City crews may not have the proper equipment to do such work but felt it should be done in the most economical manner.

Schumpert said a report was provided on the microfilm reader printer. Cost of use for a treated paper machine vs. a regular paper machine goes from 15 cents per copy to one cent. The machine will cost \$15,000 and that amount has been

included in the shortfall amount. Shanklin asked the age of the current machine. Marion Donaldson, Head Librarian, said 11 years. New machine would likely generate more use as the old machine produces poor copies.

PARK IMPROVEMENT

Schumpert said the next sheet shows the 14 playgrounds in need of equipment; Harrell Park is shown as priority one. Final sheet is an explanation of arts and humanities projects showing where funds would be spent.

Schumpert said a request was received for a list of all City property with recommendation of what should be sold. He said such a list does not exist and staff will be working on this.

Maples spoke in favor of transferring \$15,000 from Albert Johnson Park to Harrell Park, and pointed out the prioritized list was in agreement, as was Beller. Beller said he would support that because the City does not own Albert Johnson Park, but leases it from the Board of Education. Beller said he would like to see as much improvement at Albert Johnson Park as possible, and the area residents have put in work and their own money to upgrade it, but that Harrell Park would probably benefit more people, and until the City receives clear title to Albert Johnson Park, we should watch how much money is put into it.

Shanklin asked how the Naming Committee had the authority to rename Albert Johnson Park if it is not owned by the City. Schumpert said the Board of Education participated in the naming and agreed. Beller suggested pursuing the land swap with the Board of Education, and perhaps the funds could be restored when the City gets title to the property.

Williams asked if any repairs are planned in the budget to any of the parks. Dick Huck, Parks & Recreation Director, said the list is broken into two areas; inadequate playground equipment, and accessories. Huck said none of the 14 parks are included for major improvement, other than minor repairs, and most of those areas have no major pieces of play equipment.

Williams asked what a major piece of playground equipment is. Huck said from \$12,000 to \$15,000, for example, the south end of Kathy Newcombe Park was about \$14,000, and Liberty Heights Park was \$18,000 to \$20,000. Williams asked what was considered as accessories. Huck said sidewalks, backstops, basketball courts, and benches.

Green asked if Harrell Park has anything in it. Huck said it has a few old pieces of equipment and a tennis court, but no major improvements have been made in at least the last 17 years. Green asked if Albert Johnson Park had anything in it. Huck said the equipment in Albert Johnson Park was relocated from a park immediately to the east of the subdivision; the backstops, and possibly the soccer goals, were built by the public schools; trees were donated by Albert Johnsons friends, and the neighborhood association has made improvements as far as adding trees and benches; the City has put in some benches. Green asked if Albert Johnson Park had any play equipment. Huck said it has a slide, merry go round, swing set, and maybe a couple of small horses. Huck said they are going to modular play equipment which is safer, has a better life expectancy and requires less maintenance.

Purcell said the park at NW Columbia and Euclid is shown as second on the list but the other park recommended in the budget was Woodland Hills Park. Huck said the City received petitions from Terrace Hills residents and Woodland Hills PTA and neighborhood requesting enhancements, and that was the reason those two parks were shown for funding. Beller said Woodland Hills Park is adjacent to a school, receives a tremendous amount of use during the day and the equipment is obsolete. Huck said crews worked in the park during the winter to remove obstacles from the sidewalks and repaint some of the old equipment, and looked at what equipment would be needed to serve the school and the park. Pre-school type equipment is needed.

Purcell said the top of the modular equipment is metal, which gets very hot quickly. Huck said new technology has been developed that uses more plastics which reduces the heat factor.

Maples requested a consensus from Council to switch the \$15,000 from Albert Johnson to Harrell Park. Beller said he would second. Members raised hands in favor.

Williams said Waldman Park is shown in need of funding and asked if qualified for CDBG. Huck said that would be included in the 1998 proposal to Community Development; the park contains a wooden, modular unit installed in the 1980s. Waldman Park is at 13th & J, referred to as a tot lot, near a trailer park and several duplexes. Shanklin said the trailer park was closed.

Mayor Marley said a consensus was needed on the water and sewer rates.

Purcell said on commercial water rates, the budget reference notes show 12 of 20 other cities to be higher than Lawton on 50,000 gallons usage. He said the very low commercial rates have been picked up by residents in the past because some commercial accounts are being charged well below the cost to produce the water. Purcell said if rates are increased to ninety-three cents, as a minimum, there is \$34,000 more revenue. He said he did not think it should be raised only to the minimum, and that the ninety-three cent minimum plus one percent would raise approximately \$40,000. Purcell suggested increasing the rates to ninety-three cents plus an additional 4%, which would raise approximately \$57,000 in revenue. He said Lawton would still be no where near the top of the rates cities are charging commercial accounts for water.

Williams said he had looked at this also, using 5% in addition to the ninety-three cents. He said Lawton would still be around 13 or 14 from the bottom as far as charges. Purcell said it should be above the cost to produce, whether it is raised 4% or 5% above that minimum. Purcell said it is important to get this on line before more businesses come in who will use the commercial rates and that is the City's only way to make money; a business would not be able to stay in business selling their product for less than it costs them to make it.

Shanklin asked if the City's cost is ninety-three cents per thousand for the water treated at Medicine Park. Schumpert said he understood the ninety-three cents included delivering the water to the City limits of Lawton; the \$1.03 discussed regarding Geronimo included taking it through the distribution lines, amortizing the lines, and taking it to the south end of Lawton. Shanklin said we never said we would sell water to Geronimo for \$1.03 but that his memory was over \$2.00 per thousand. Schumpert said the last figure he remembered was \$1.52.

Purcell asked for a consensus to raise commercial water accounts 5% above the ninety-three cents, which will generate \$63,846 approximately.

Maples asked if this would change those who have a contract, such as Goodyear. Schumpert said those would depend on the contract and may need negotiation. Purcell said this would put us in line for Bar-S, the prison, or any others that come through.

Shanklin said he would comment, before seconding the motion, that the Council should re-evaluate everything it said "do it", to see which will really be done because he doubted they would all be done. Williams said funds are included in the \$300,000 shortage.

Shanklin said he had a problem with the reserve officer program for \$40,000. Williams said he understood Shanklin's concerns about the liability but personally felt it was a good deal. Mayor Marley asked that consideration be given to the water rates under discussion, and then go through to see which of the listed items should be done.

Mayor Marley asked those in favor of a consensus regarding commercial water rates to so indicate by a show of hands. A majority of members present so indicated.

Green asked what other cities were higher than Lawton. Purcell said Ardmore, Del City, Duncan, Edmond, Midwest City, Moore, Oklahoma City, Ponca City, Shawnee, Stillwater, Tulsa and Yukon.

Shanklin asked if he was referring to the 10,000 gallon users and Purcell said the 50,000 gallon commercial accounts.

Schumpert said on the sewer, the note shows government and schools are billed at the commercial rate for sewer.

Purcell said the same problem exists on the sewer rates. He said there are 18 cities higher than Lawton on sewer rates, and only one city in the entire list of 20 charges less than Lawton for sewer and that is Altus, which likely will change soon. Purcell said the cost to Lawton is ninety-nine cents per thousand, and the charge should not be the same or less than the cost.

Purcell suggested using the ninety-nine cents, which would generate \$184,000, and a 5% increase, for a little over \$200,000 in revenue. He said this is only for commercial, and none of what he was suggesting applied to any residential unit.

Purcell asked for a consensus to increase the sewer rates for commercial to ninety-nine cents, plus 5%, which would generate approximately \$202,180.62. Those present were in agreement. Williams said Lawton would still be about 14 on the list of 20 cities on such charges.

LARGE FORMAT UTILITY BILLS

Mayor Marley asked if Council desired to fund the large format utility bills. Williams said he favored this item, but the cost would be \$50,000 if some of the equipment were rented and \$69,000 if it were purchased, and there would still be a tremendous expense just in postage. Williams said he felt there was a need to improve communications between the City and the citizens in the best format possible, and through the electronic media and InterNet there would be increased possibilities that could provide information. He suggested placing this idea on the shelf for the present time. Mayor Marley suggested putting information on the reverse side of the bill and see how it works out. Schumpert said that would be a reduction in the budget of \$69,147.

FIFTY-CENT RATE INCREASE

Mayor Marley said the suggested fifty cent utility increase in residential accounts had been deleted from consideration.

Williams said even though this will not be done, the City will incur costs in 1997-98 that were not present in 1996-97, such as the additional cost of Waurika, additional cost for self-insurance, and the fact that 70% of the budget is for personnel, who are increasing through their steps, those are items that there are little control over, so you either reduce the number of streets, lines you work with, or you increase rates. He said a big step is being taken in getting the commercial rates where they should be, but it is something that needs to be looked at.

1% COLA - GENERAL EMPLOYEES

Mayor Marley said the capital outlay had been addressed. He asked if Council agreed to the 1% COLA for general employees for \$155,518. Beller moved for consensus of leaving this cost in the budget and Williams offered a second; there was no disagreement.

It was pointed out that all actions at this time are preliminary in nature and would be finalized with budget adoption.

Shanklin asked if capital outlay was reduced \$300,000. Schumpert said yes. Shanklin asked if that was from rolling stock or from the regular budget. Schumpert said from the regular budget which includes general fund and rolling stock. Shanklin asked if some was cut from the rolling stock. Purcell said we did not cut any from the rolling stock dollars; some vehicles were paid for from the rolling stock and some from the budget. Purcell said there are vehicles paid for by rolling stock and vehicles paid for from the rest of the budget; we cut vehicles that roll down the street from the regular budget but not from rolling stock.

Shanklin asked if the pumper was included to be purchased. Purcell said it is still there. Shanklin said we are going to buy a new pumper whether a dollar was spent on it last year or the last 40 years because we want to buy a new pumper and he disagreed with that. Beller suggested taking a consensus on the pumper. Shanklin said just because it is shown in the 2020 plan that we should have one, he wanted to know what had been spent on it for upkeep and maintenance, regardless of the age of the equipment. He said he saw a fire truck, ambulance and police car all going at high speeds and that it was dangerous to have so many operating in the same area under that condition.

Shanklin asked that we get a consensus to see how much money, to include the bills, on what was spent on the pumper before it is purchased, just because we have the money to spend. Purcell asked that the mileage be shown also. Consensus was obtained to receive this information.

ADJUSTMENT FOR CAPPED OUT EMPLOYEES: Mayor Marley asked if Council favored the 2.5% increase for capped out employees. Schumpert asked for clarification of whether the 2.5% would be in addition to the 1% COLA, or only the 2.5% increase. Purcell said he thought it should be both and that it applies to only 20 employees, some who have been capped out for more than a year. Shanklin said he thought 1% for everyone was fair, but giving some 2.5% was not. Purcell said everyone would be getting 2.5% plus 1%. Williams said most who are capped out are professional people and it would take quite a bit of money and time to fill those positions.

Purcell offered a consensus motion for capped out employees to receive 2.5% plus 1%. Beller seconded. Consensus was reached to include this in the budget to be later adopted.

Mayor Marley said the City Clerks contract had been approved and separate action was not necessary.

POLICE ITEMS

Consensus was reached to include \$21,390 for the police dictation system and \$28,900 for surveillance system-vehicle for police.

Reserve officer program was discussed. Shanklin said he felt something was wrong when 20 people would pay you to go to CLEET and volunteer 20 hours a week, that is above and beyond volunteering. Shanklin said he disagreed with the program and people get in trouble with such things.

Williams offered a consensus motion to accept the reserve officer program and Purcell seconded. Consensus was not reached and the item will be considered at a later date. Maples said she had abstained from any actions on this item. COPS grant was discussed; future years funding was pointed out as a problem. Beller offered a consensus motion to scratch the program and Shanklin seconded. Schumpert said the theory was that the City would have increased the police force by four people by the year 2001 anyway. Beller said the City would be obligated to do so by accepting this funding, and the City may be in a financial bind in the year 2001. Shanklin said attrition is not factored in. Consensus could not be reached and the item will be considered at a later date.

CITY ATTORNEY BUDGET - LEGAL ASSISTANT: Williams offered a consensus motion to include \$35,570 in the budget for this item and Purcell seconded. Consensus was to leave funding in the budget for this item.

PUBLIC WORKS/ENGINEERING: Part time clerk changing to full time clerk at a cost of \$7,000 was left in for funding by consensus. Inspection fees projected to produce \$10,270 in revenue was discussed and will require future Council action to enact.

MIS DIVISION - ADD EMPLOYEE: Purcell suggested this be increased to adding two employees; Council had added to the work load by approving incentive items and the Year 2000 requires serious attention. Shanklin said one additional employee was approved last year. Purcell said there are a lot of system that must be reprogrammed by the Year 2000. Consensus was to approve two employees for MIS. Total added would be \$60,160 instead of \$30,080.

MUNICIPAL COURT - ADD DEPUTY COURT CLERK: Consensus was to approve expenditure.

WATER TREATMENT PLANT: Mayor Marley said cost for six months will be \$15,530 and it would be included for a full year in next years budget. Shanklin said the cost of having these services done will not be required if the employee is added. Consensus was to include funding.

Waurika Project, \$9,200 additional, was due to a recomputation of billing. There was not an option as to this requirement.

PERSONNEL: Automated employee application program for \$5,000 was explained by Schumpert and accepted by consensus. It was noted that this expenditure may help prevent the need to add employees in the future.

Supervisory training academy at \$10,000 was explained by Schumpert. Beller said attendance should be mandatory. Consensus of four to two to approve was acknowledged.

AUDIT: \$3,500 purchase of data extraction software was approved by consensus.

FINANCE: Vending devices, revenue of \$35,000. Shanklin asked if this was for the units which have never had a tax on them since the City had that opportunity in 1988. Steve Livingston, Finance Director, said \$35,000 is based on going to all State-allowed rates; some amusement devices now pay \$20 and those would go to \$37.50. Livingston said some vending devices now selling products are not paying anything and if they are a twenty-five cent machine, they would go to \$37.50. Recommendation is to completely parallel the State in definitions of the types of equipment to avoid confusion over what type of equipment is charged what rate. Highest rate would be \$37.50; gumball machines and similar small machines would be \$5.00.

Shanklin said one group had been let off for ten years and that group should be paying, although it would not generate \$35,000. He said there are vending machines in schools and fees are not being collected from them. Oklahoma City does not charge the 75%. Beller said if it vends a product, something should be paid since there is no sales tax collected. Shanklin said it should be only for those machines not being taxed by the City at the present time, and they should be charged \$20, in line with the other amusement devices.

Williams asked which machines are not being assessed. Shanklin said those dispensing Cokes, candy, chips, or those installed in restrooms, etc. Beller said any machine which dispenses a product, they pay nothing now. Williams asked which are being assessed. Beller said amusement devices, pool tables, and so forth. Williams asked how this would impact those who are already being assessed a fee. Livingston said they would be increased from \$20 to \$37.50. Beller said Mr. Gattis recently opened on Cache Road and has a number of these machines; there was also turmoil concerning the possibility of competition with Fort Sill. Shanklin said those who have not been paying should pay the same as those who have been, which is \$20.

Purcell said amusement devices pay \$50 State and \$20 City now; if this is raised, they would pay an additional \$17.50 City, or a total of \$87.50 per year per amusement machine, which is less than a tax on the revenue from the machines. Shanklin said it would for some machines, but not for others. Shanklin said the crane machines, which reach for dolls or similar items, are not legal in this state.

Beller made a motion to keep the \$20 charge permit fee on the amusement devices and put a \$20 fee on a vending machine that dispenses any type of merchandise. Shanklin seconded.

Warren asked how this would affect bubble gum machines. Cruz said some machines are charged \$50 at the State level and cities can charge 75%, which is \$37.50; machines such as soft drinks and gum are charged either \$10 or \$5 by the State and Lawton can charge 75% of that. Cruz said it would be a percent, rather than an amount. Schumpert said that is not the motion. Beller said that is the intent of the motion, to go to the vending machine with the maximum amount of increase to be \$20, and asked if we can increase it to \$20. Cruz said we must do it based on a maximum of 75%. Beller said it would be 75% of the State fee for those machines not presently being taxed. Mayor Marley said some would be paying more than \$20 in that case.

Beller amended the motion to be 75% of the State fee for those machines not presently being taxed, not to exceed \$20 per machine.

Williams asked what kind of machines pay the \$50 State assessment. Shanklin said those in the schools, or jukeboxes or pool tables. Cruz said the \$50 is based on amusement devices or music devices; the fees on vending devices are \$10, \$5 or \$2. Livingston said the State regulation is that cities can charge anything not to exceed 75% of the States fee. Williams asked what the \$35,000 was based on. Livingston said it is an estimate on the 75% rate, and that he did not know how many drink or sandwich machines there are, but there are 980 amusement devices the City currently collects \$20 from and that the \$35,000 was a conservative estimate.

Mayor Marley left the meeting at this point (6:50 p.m. approximately) and Mayor Pro Tem Beller chaired the remainder of the meeting.

Cruz reviewed requested action as being that the amusement devices currently being charged \$20 would continue to be charged \$20; other that have not been charged to date, we will charge them the maximum allowed by State law, not to exceed \$20 maximum. This was agreeable and will be presented for formal adoption in a future agenda item.

REFUSE CHARGE - LAWTON PUBLIC SCHOOL

Shanklin and Green suggested this idea be abandoned. Discussion was held regarding programs and facilities provided by the City and the school system, and charges appropriate for each. Shanklin said the school system needs to install grease traps, and that there had never been a meeting between the School Board and Council to discuss such issues. Williams suggested a joint session be held of representatives from each group to see how we could work together on grease traps, recreation programs, or issues of concern to the School Board. Maples suggested Cameron be included.

Purcell said if Lawton does not charge the schools for the recreation, gyms, and so forth, why are we charging Cameron for refuse service and other places which are governmental entities. Shanklin said he did not own Cameron like he did the Lawton Public School system, and there is a great difference. Purcell said both are supported by tax dollars and asked where this should stop, noting we should have some kind of consistency.

Green moved that the charges be taken off at this time; Shanklin seconded. Consensus was to take the charges off.

Bar-coding utility bills, reorganizing Revenue Services and purchase of buyers link software were approved by consensus.

CODE ADMINISTRATION

Staying healthy award resulted in no addition or expenditure of revenue. Schumpert said employees are annually paid for sick leave over a certain number of hours accrued, and those leaving City employment are reimbursed percentages for sick leave accrued. Beller said the time off would be for not filing a health claim. Dan Tucker, Director, said preventative care would not be counted in determining whether a person would get the time off award. Schumpert said claims are turned in for preventative measures, which are a cost to the City. Tucker said there would be less cost in preventative items. Schumpert said the system does not have the ability to determine the difference because all are counted as claims against the system. Consensus was not to enact the program.

Late charge inspection fee projected to provide \$250 in revenue was approved by consensus. Objective is for those who have had inspections to pay their fees in a timely manner.

PARKS & RECREATION

Add two full time laborers and delete five part time laborers at a cost of \$18,923. Shanklin asked if this was for the ball diamonds. Huck said yes, Sports and Aquatics. Consensus was to approve.

Microfilm reader printer was approved by consensus.

South entrance to City Hall was discussed. Beller said he was with a man from Hughes Aircraft coming to an Airport Authority meeting and the mans comment was "so this is City Hall." Beller asked if it was agreeable to tell staff to just fix the ponding areas. Schumpert said the steps are in disrepair also. Consensus was to include \$25,000 for this work.

WASTEWATER TREATMENT PLANT

Schumpert said the weighing of sludge trailers would more accurately be shown as a landfill scale, and should generate revenue eventually. \$40,000 is the cost is from the \$1.25 State mandated fee. Consensus was to approve. Solid Waste disposal error on salary and wages will be corrected.

Schumpert said with actions tonight, his calculations reflect a shortage of \$65,000.

Green said she wanted smoke detectors for the Library included. Huck said review will begin next week on the five HVAC RFPs; estimated cost from a smoke detector company is \$4,500, although he was not sure how that would tie in with the HVAC. Huck said the HVAC contractor should be aware that the City will own that system and that he would be able to get answers on that in the future.

Williams asked if the City owns the present automation systems in City facilities. Huck said no, the City has a three year

contract and the company under contract owns the sensor system. Huck said the City owns certain equipment on it, but not the sensor system. Consensus was to approve of this item with funding to be determined.

Purcell said the current budget shows a carry over for next year of \$512,288 on page two; \$65,000 reduction would result in a \$445,000 carry over. He said he felt next years carry over would be around \$2.9 million. Purcell said the carry over last year was about this amount, and it came out at \$2.9 million. He said he went back six years and looked at what was projected as carry over, around \$500,000 to \$700,000, but the actual carry over is usually around \$3 million. Purcell suggested taking the \$65,000 from carry over to balance the budget. This was the consensus of Council.

Schumpert said the Council agenda for June 10 has been distributed, less the budgetary items, which will be added and delivered this weekend. Engineering inspection fees will be on the June 24 agenda.

Beller said he would remind the citizens that the public hearing on the budget will be June 10 for input. Williams said Council had worked together well on the budget, and the rates would be in line with the costs and meet the needs for the coming year. Williams said it does not address the need for street or water line repairs, which are falling further and further behind and nothing has been put in place to catch up with this need. He asked members to think about that over the weekend.

Purcell said the City Manager and staff did an outstanding job of putting the budget together. He suggested that Council hold a special meeting in December 1997 to give some very general guidance of what Council wants to see in the next budget, realizing the process does not start until May when the new Council is seated. Purcell said this would save the City Manager and staff some effort if guidance could have been provided initially on items such as utility rate increases. He said he felt this would save time for Council and staff, and he would bring this up as an agenda item at the appropriate time.

Schumpert said he had been reluctant to do that in the past because the majority of the Council could have changed each year. He said with the Charter change, there is less potential for change in Council membership, and the December budget meeting would be helpful to all concerned.

Beller said Bill Kinard had asked to be recognized to speak and Council agreed to receive his comments.

Bill Kinard said he wanted to know how much time he would have to protest the budget with regard to Article 4 of the lease agreement which explains what surplus and rents are, and mentions reserve funds. He said that is not shown in the budget book, and the only thing stated is that there are operational funds, and that this is the furthest thing from the truth that he had ever heard. Kinard said you are transferring all of the utility funds into the general fund; it tells you that you have to keep an account in books of the Water Authority, it also tells you that in OML, and they will not be co-mingled.

Kinard said the trust indenture says you have a water authority; the lease agreement is built around this, and the people own this system. He said the City had to have the lease agreement because there was no funding or way of raising the water rates; it does not cover sewer, you only leased the water. Kinard said you can go to Title 11 in 35203 and 202 which say you can lease it if you have funds; it does not affect the lease agreement of 1968 that the people voted on. He said he wanted Council to read about rents and surplus in the lease agreement in Article 4 and compare it to the budget.

Beller said a public hearing would be held on the budget on June 10. Kinard asked how much time he would have to go through it. Beller said three minutes. Kinard said there are 11 pages in each one of those documents and that he should have more than three minutes.

Meeting adjourned at 7:20 p.m.